

**PLYMOUTH COUNTY, IOWA  
Independent Auditors' Report  
Financial Statements  
And  
Supplemental Information  
Schedule of Findings and Questioned Costs  
June 30, 2011**

# PLYMOUTH COUNTY, IOWA

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## PLYMOUTH COUNTY, IOWA

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## PLYMOUTH COUNTY, IOWA

### COUNTY OFFICIALS

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Name	Title	Term Expires
<hr/>		
Jim Henrich	Board of Supervisors	December 31, 2012
Jack Guenther	Board of Supervisors	December 31, 2014
Don Kass	Board of Supervisors	December 31, 2014
Craig Anderson	Board of Supervisors	December 31, 2014
Mark Loutsch	Board of Supervisors	December 31, 2012
Stacey Feldman	County Auditor	December 31, 2012
Linda Dobson	County Treasurer	December 31, 2014
Jolynn Goodchild	County Recorder	December 31, 2014
Mike Van Otterloo	County Sheriff	December 31, 2012
Darin J. Raymond	County Attorney	December 31, 2014
Robert Heyderhoff	County Assessor	December 31, 2015



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## INDEPENDENT AUDITORS' REPORT

Board of Supervisors  
Plymouth County, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of PLYMOUTH COUNTY, IOWA (the County) as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Plymouth County, Iowa, as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principals generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2012 on our consideration of Plymouth County, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress for the retiree health plan on pages 6 through 13 and 40 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not

express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. We also previously audited in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2005 (which are not presented herein) and expressed adverse opinions on those financial statements due to the effects of the omission of general fixed assets. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
January 31, 2012

# PLYMOUTH COUNTY IOWA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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PLYMOUTH COUNTY PROVIDES THIS MANAGEMENT'S DISCUSSION AND ANALYSIS OF ITS FINANCIAL STATEMENTS. THIS NARRATIVE OVERVIEW AND ANALYSIS OF THE ACCRUAL ACCOUNTING AND FINANCIAL ACTIVITIES IS FOR THE FISCAL YEAR ENDING JUNE 30, 2011. WE ENCOURAGE READERS TO CONSIDER THIS INFORMATION IN CONJUNCTION WITH THE COUNTY'S FINANCIAL STATEMENTS, WHICH FOLLOW.

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### 2011 FINANCIAL HIGHLIGHTS

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- The assets of the County exceeded its liabilities at the end of FY11 by \$51,428,601 (net assets).
  - Plymouth County's FY11 total net assets increased by \$4,937,769 from FY10.
  - At the end of FY11, Plymouth County governmental funds reported combined ending fund balances of \$4,748,228, a \$468,259 decrease from FY10. However, the general fund balance increased \$103,930 from FY10 to FY11, to \$965,330, which is a 12% increase.
  - At the end of FY11, unassigned fund balance for the general fund was \$690,821; 11.7% of total general fund expenditures.
  - The County's total debt decreased by \$590,000. The decrease was a result of the normal scheduled principal payments on the outstanding debt.
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### USING THIS ANNUAL REPORT

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The annual report consists of a series of financial statements as well as other requirements as follows:

**Management's Discussion and Analysis** introduces the basic financial statements and provides an analytical overview of the government's financial activities.

The **Government-wide Financial Statements** consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Plymouth County as a whole and present an overall view of the County's finances.

The **Fund Financial Statements** tell how governmental services were financed in the short-term as well as what remains for future spending. Fund financial statements report Plymouth County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Plymouth County acts solely as an agent or custodian for the benefit of those outside of the government (Agency Funds).

**Notes to the Financial Statements** provide additional information essential to a full understanding of the data provided in the basic financial statements.

**Required Supplementary Information** further explains and supports the financial statements with a comparison of the county's budget for the year, as well as presenting a Schedule of Funding Progress for Retiree Health Plan.

**Other Supplemental Information** provides detailed information about the nonmajor governmental and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

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## REPORTING THE COUNTY AS A WHOLE

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### Government-Wide Financial Statements

One of the most important questions asked about the County's finances is "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This is similar to the accounting used by most private sector companies. All of the current year's revenues and expenditures are taken into account regardless of when cash is received or paid.

The **Statement of Net Assets** presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The **Statement of Activities** presents information showing how the County's net assets changed during the fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are displayed in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, interest on long-term debt and capital projects. Property tax and state and federal grants finance most of these activities.

### Fund Financial Statements

The fund financial statements provide detailed information about individual funds, not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. The County can establish other funds to help it control and manage money for particular purposes.

Plymouth County has two types of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows in and out of those funds. These balances left at year-end are available for spending. The county has 13 governmental funds. These main governmental funds include: 1) the General Fund, 2) the Special Revenue funds such as Mental Health Fund, Rural Services Fund, Secondary Roads Fund, Local Option Sales Tax Fund, Joint Urban Renewal Fund 3) the Debt Service Fund, and 4) the Capital Projects Fund. These funds are reported using the current



financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balance.

- 2) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the government's own programs. These fiduciary funds include agency funds that account for Emergency Management Services, the County Assessor, and the Emergency 911 as a few examples.

The required financial statement for agency funds is a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follows the governmental fund financial statements.

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## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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As noted earlier, net assets may serve over time as a useful indicator of financial position. Plymouth County's total net assets for FY11 totaled \$51,428,601. The analysis that follows focuses on the components of net assets for the governmental activities.

### Net Assets of Governmental Activities

	2011	2010
Current and other assets	\$16,257,542	\$15,034,262
Capital assets	56,584,392	51,931,802
Total Assets	\$72,841,934	\$66,966,064
Long-term debt outstanding	9,018,462	9,848,071
Other liabilities	12,394,871	10,627,161
Total liabilities	\$21,413,333	\$20,475,232
Net assets:		
Invested in capital assets, net of related debt	53,474,392	48,576,802
Restricted	4,145,267	4,986,860
Unrestricted	(6,191,058)	(7,072,830)
Total net assets, restated	\$51,428,601	\$46,490,832

The largest portion of the County's net assets is invested in capital assets (e.g. land, infrastructure, buildings, and equipment), less the related debt. The debt related to capital assets is liquidated with resources other than capital assets. A portion of the County's net assets (8%) represents resources that are subject to external restrictions on how they may be used. Unfortunately, there is not a positive balance in unrestricted net assets, which is used to meet the County's ongoing obligations to citizens and creditors. There is a negative balance due to the \$7,840,000 general obligation bond issued in 2005, of which \$6,860,000 is outstanding at June 30, 2011. This was not issued for County assets; it was for a grant awarded to Le Mars Business Initiative Corporation to be used for economic development purposes (Wells Corporate Campus).

Governmental Activities – Governmental activities increased the County's net assets by \$4,937,769. Key elements of this increase are as follows:

<b>Change in Net Assets of Governmental Activities</b>		
	<b>2011</b>	<b>2010</b>
Revenues:		
Program revenues:		
Charges for service and sales	\$1,418,762	\$ 1,241,594
Operating grants and contributions	6,230,029	6,006,986
Capital grants and contributions	4,402,764	4,424,114
General revenues:		
Property tax	8,844,151	7,960,457
Interest & penalty on taxes	78,080	58,587
State tax credits	271,796	289,848
Local Option Sales Tax	1,053,722	1,014,042
General Intergovernmental revenues	10,563	27,995
Unrestricted Investment Earnings	88,129	75,567
Gain on Sale of Assets	60,851	42,280
Miscellaneous	273,252	249,103
Total Revenues	<u>22,732,099</u>	<u>21,390,573</u>
Program expenses:		
Public safety and legal services	2,895,073	2,855,369
Physical health and social services	379,699	417,717
Mental health	1,993,823	1,670,529
County environment and education	770,142	873,432
Roads and transportation	7,753,038	8,296,349
Government services to residents	655,408	670,769
Administration	2,945,477	2,286,266
Non-program services	13,975	29,204
Interest on long-term debt	387,695	761,613
Total expenses	<u>17,794,330</u>	<u>17,861,248</u>
Change in net assets	4,937,769	3,529,325
Net assets - beginning	46,490,832	42,159,012
Prior period adjustment	-	802,495
Net assets - restated	<u>46,490,832</u>	<u>42,961,507</u>
Net assets - ending	<u>\$51,428,601</u>	<u>\$46,490,832</u>

- Property tax revenue increased by \$883,694 due to the fact taxable valuations increased \$64,333,305, however the total county levy decreased \$0.116.
- Charges for service and sales increased \$177,168 due to an increase in reimbursements from the state and U.S. Marshall inmate housing.

- Operating grants to roads and transportation increased by approximately \$535,000. This was offset by a \$266,000 decrease in mental health grants. These changes along with other fluctuations in funding levels, account for the \$223,043 increase in operating grant income.
- Administration expenses increased as the tax abatement of the Plymouth County Ethanol Urban Renewal started in the current year, adding an additional \$385,035 of costs. Also, there were additional, non-capitalizable expenses incurred as part of the courthouse annex project that was charged to this line through the L.O.S.T. fund, accounting for the increase of \$659,211.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Roads and transportation saw a greater decrease due to less numbers of smaller repair projects, a lower inventory kept on hand, and decreased snow removal costs. Mental health saw a larger increase due to an increase in the number of people served during the fiscal year and used the one-time general fund transfer of \$100,000 to help cover some those expenses.

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### INDIVIDUAL MAJOR FUND ANALYSIS

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As Plymouth County completed FY11, its budgetary governmental funds reported a combined fund balance of \$4,748,228. FY10 combined fund balances were \$5,216,487. This represents a total decrease of \$468,259.

The General Fund, as the operating fund of Plymouth County, ended FY11 with a balance of \$965,330. The General Fund ending fund balance in FY10 was \$861,400. This represents an increase of \$103,930 which is due to an increase in revenue and cuts in spending. The General Fund balance is growing and it is a goal for FY12 budget to increase slightly to a more healthy state.

The MH/DD Fund ended FY11 with a balance of (\$33,611). The ending fund balance for FY10 was \$492,854. This represents a decrease of \$526,465. The MH/DD Fund is determined by state mandated formulas to set the maximum property tax dollars allowed. The fund balance has decreased from last year, which is due the fact Plymouth County had too high of a fund balance (wasn't below 10%) for FY10 to meet the threshold in order to receive growth revenues to help fund FY11. Growth funds are only available for counties incurring a fund balance below 10% of their expenses. Plymouth County therefore participated in the one-time buy back offer and fund transfer. \$100,000 was transferred to the MH fund from the General fund, and approximately an additional \$70,000 was remitted back to the state as a buy back for that amount of the threshold that Plymouth County's MH fund balance was over in FY10. In doing so, growth dollars will be available to us in FY12 and FY13. The entire Mental Health system in regards to funding and local control is looking at being "overhauled" by the State of Iowa legislature, therefore future planning is difficult. The discussion has been regionalizing mental health administration and eliminating CPC's at the County level.

The Rural Services Fund ended FY11 with a balance of \$877,184. The ending fund balance for FY10 was \$844,308. This represents a slight increase of \$32,876. The Rural Services Fund balance increased primarily from an increase in property tax collection. The county is continuing to expense some County Sheriff deputies expenses from the Rural Services Fund in addition to others in the General Basic Fund.

The Secondary Road Fund ended FY11 with a balance of \$1,494,255. The ending fund balance for FY10 was \$1,339,406. This represents a slight increase of \$154,849. The increase is due to timing of project within the construction program.

The Urban Renewal Fund ended FY11 with a balance of (\$905,548). The ending fund balance for FY10 was (\$1,060,935). This consists of the County's purchase of property known as "Winter Feed Lots", expenses the County incurred to grade and pave Key Ave. and the purchase of property known as Le Mars Industrial Park 2<sup>nd</sup> addition. The county intends to finance this deficit with future TIF revenues.

The Local Option Sales Tax Fund ended FY11 with a balance of \$1,173,070. The ending fund balance for FY10 was \$2,200,290. This represents a decrease of \$1,027,220. The decrease is attributed to the use of funds for the construction of a courthouse annex building and the ECO Center at Hillview Park in FY 2010-11.

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## BUDGETARY HIGHLIGHTS

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Over the course of the year, Plymouth County amended its budget one time. The amendment was made June 7, 2011 and resulted in an increase in budgeted disbursements related to increased costs from increased census of federal inmates at the Law Enforcement Center, additional conservation expenses, the Mental Health rebate to DHS, the purchase of an additional motor grader for Secondary Roads, the purchase and installation of Courthouse windows, tuck-pointing the RCF, a large loan to the Le Mars Dialysis Center from the Revolving Loan Fund, a small economic development loan to a local business from the Joint Urban Renewal Fund, increased liability insurance and the increase in capital projects in the secondary road fund. There were some off-setting revenues for these expenses as well.

The County's total receipts on a cash basis for FY11 were \$18,631,842. The county budgeted \$19,102,426 as projected revenues, for a difference of and a decrease of \$470,584; a variance of 2.5%.

Total cash disbursements were \$19,472,543 for FY11 with the budgeted expenses projected to be \$20,699,142, which was \$1,226,599 less than the amended budget. Actual disbursements for the public safety, administration, roads and transportation, county environment and education functions were \$123,106, \$351,883, \$568,867 and \$20,435 respectively, less than budgeted. This was primarily due to a decrease in anticipated costs and departments reducing spending.

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## CAPITAL ASSETS AND DEBT ADMINISTRATION

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### Capital Assets

At the end of FY11, Plymouth County had approximately \$56.6 million invested in capital assets, net of accumulated depreciation. At the end of FY10, Plymouth County had approximately \$51.9 million invested in capital assets, net of accumulated depreciation.

Capital Assets of Governmental Activities at Year End		
	2011	2010
Land (capital asset not being depreciated)	\$1,930,951	\$ 1,723,857
Buildings and improvements	6,926,600	6,894,175
Equipment	4,051,799	3,613,128
Infrastructure	41,493,783	38,473,147
Construction in progress (capital asset not being depreciated)	2,181,259	1,227,495
Total Governmental Activities Capital Assets	56,584,392	51,931,802
Less: Total Capital Assets not being depreciated	4,112,210	2,951,352
Total Governmental Activities Capital Assets being depreciated, net	\$52,472,182	\$ 48,980,450

The County had a total accumulated depreciation on June 30, 2011 of \$33,723,273. Additional information on the County's capital assets can be found in Note 5 of the financial statements.

## Long Term Debt

At the end of FY11 Plymouth County had total bonded indebtedness of \$9,970,000, including general obligation bonds, local option sales tax refunding bonds, and notes payable.

Outstanding Debt of Governmental Activities at Year-End		
	2011	2010
Sales tax revenue bonds, Series 2010 – Law Enforcement Center	\$ 2,910,000	\$ 3,355,000
General obligation equipment acquisition note	200,000	-
Net total of related debt to county capital assets	3,110,000	3,355,000
General obligation bonds, series 2005A – Urban Renewal	6,860,000	7,205,000
Net total outstanding debt	\$ 9,970,000	\$ 10,560,000

Additional information on the County's long-term debt can be found in Note 6.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Plymouth County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2012 budget, tax rates, and fees that finance the various County services. The tax rate for FY12 in the Rural Basic Fund remains constant, at the 3.95000 maximum levy and the General Basic Fund remains constant at maximum levy of 3.50000 in order to properly fund operations of this fund for FY12. The General Fund ended FY11 with a \$428,899 net increase in fund balance from FY10. (Plymouth County budgets on a cash basis, therefore, amounts in this budget section are also presented on a cash basis, while the rest of this report previously has been reported on an accrual basis.) The budget goal for the General Basic Fund is to help stabilize the General Fund Reserves by maintaining a minimum of \$1,000,000 fund balance. Plymouth County received an increase of \$64,333,305 of taxable valuation for FY12 from FY11, which increases the amount of property tax for the General Fund. The tax levy rate in the Debt Service Fund was reduced slightly to .06956 in FY12 from .07532 in FY11.

Plymouth County levy rate in the General Basic Supplemental fund was increased slightly to 0.22009 in FY12 from 0.19498 for FY11. This levy creates \$253,000 of tax which will be used to purchase the Counties tort liability insurance and assist in funding the EMA program.

These factors were taken into account when adopting the budget for fiscal year 2012. The amounts available for appropriation in the General Fund are approximately \$5,912,037 and the General Basic Supplemental Fund is \$281,959. The amounts available for appropriation in Special Revenue Funds, Capital Projects fund and permanent funds are approximately \$12,313,130. The amounts available for appropriation in the Debt Service Fund are \$1,276,950.

If these estimates are realized, Plymouth County's General Fund FY12 balance is expected to maintain slightly higher year-end balance than FY11. The Rural Fund balance is expected to maintain the about same in FY12 from FY11 due to increased revenues, but adding some sheriff's deputy expenses to the Rural Fund.

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## **CONTACTING THE COUNTY'S FINANCIAL MANAGER**

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This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Plymouth County finances, and to show the County's accountability for the money it receives. This Management Discussion and Analysis was prepared by Auditor, Stacey Feldman. If you have any questions about this report or need additional information, contact:

**Plymouth County Auditor's Office**

**Stacey Feldman – Plymouth County Auditor**

**215 4<sup>th</sup> Ave. SW  
Le Mars, Iowa, 51031  
Phone: (712) 546-6100  
Fax: (712) 546-5784**

**PLYMOUTH COUNTY BOARD OF SUPERVISORS FOR FY 10-11:**

**Don Kass    Jim Henrich    Mark Loutsch    Jack E. Guenther    Craig Anderson**

**COUNTY OF PLYMOUTH, IOWA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and Pooled Investments	\$ 2,072,285
Receivables:	
Property Tax	31,417
Future Property Tax	10,133,787
Accrued Interest	5,486
Accounts	16,864
Due from Other Governmental Agencies	1,123,731
Note Receivable	1,209,490
Inventories	847,647
Prepaid Insurance	123,663
Bond Issue Costs	153,172
Restricted Assets:	
Cash and Pooled Investments	540,000
Land	1,930,951
Construction in Progress	2,181,259
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	52,472,182
Total Assets	<u>72,841,934</u>
<b>LIABILITIES</b>	
Accounts Payable	902,679
Due to Other Governmental Agencies	15,503
Deferred Revenue - Future Property Tax	10,133,787
Accrued Interest Payable	33,225
Salaries and Benefits Payable	78,464
Long Term Liabilities:	
Due Within One Year:	
Notes Payable	200,000
General Obligation Bonds	370,000
L.O.S.T. Refunding Bonds	450,000
Compensated Absences	211,213
Due in More Than One Year:	
General Obligation Bonds	6,490,000
L.O.S.T. Refunding Bonds	2,460,000
Premium on GO Refunding Bonds	64,556
Net OPEB Liability	3,906
Total Liabilities	<u>21,413,333</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	53,474,392
Restricted for:	
Supplemental Levy Purposes	31,385
Rural Services Purposes	875,776
Debt Service Purposes	560,383
Secondary Roads Purposes	1,374,615
Local Option Sales Tax Purposes	1,173,070
Other Purposes	130,038
Unrestricted	(6,191,058)
Total Net Assets	<u>\$ 51,428,601</u>

See Accompanying Notes to Financial Statements

**COUNTY OF PLYMOUTH, IOWA**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2011**

		Program Revenues
Functions/Programs	Expenses	Charges for Services
Primary Government:		
Governmental Activities:		
Public safety and legal services	\$ 2,895,073	\$ 698,664
Physical health and social services	379,699	3,549
Mental health	1,993,823	-
County environment and education	770,142	138,055
Roads and transportation	7,753,038	105,043
Government services to residents	655,408	457,541
Administration	2,945,477	15,910
Non-program services	13,975	-
Debt Service	387,695	-
Total governmental activities	\$ 17,794,330	\$ 1,418,762

See Accompanying Notes to Financial Statements



Program Revenues		Net (Expense) Revenue and Changes in Net Assets
Operating Grants Contributions	Capital Grants Contributions	Governmental Activities
\$ 37,998	\$ -	\$ (2,158,411)
160,651	-	(215,499)
974,385	-	(1,019,438)
35,264	136,559	(460,264)
4,793,885	4,093,784	1,239,674
-	470	(197,397)
-	171,951	(2,757,616)
13,975	-	-
213,871	-	(173,824)
<u>\$ 6,230,029</u>	<u>\$ 4,402,764</u>	<u>\$ (5,742,775)</u>

General Revenues:

Property and other county tax levied for:	
General Purposes	8,745,649
Debt Service	98,502
Interest and penalties on taxes	78,080
State tax credits	271,796
Local option sales tax	1,053,722
General intergovernmental revenues	10,563
Interest	88,129
Gain on Sale of Assets	60,851
Miscellaneous	273,252
Total general revenues	<u>10,680,544</u>
Change in net assets	4,937,769
Net assets - beginning	<u>46,490,832</u>
Net assets - ending	<u>\$ 51,428,601</u>

See Accompanying Notes to Financial Statements

**COUNTY OF PLYMOUTH, IOWA**  
**BALANCE SHEET**  
**Governmental Funds**  
**JUNE 30, 2011**

	General	Mental Health	Rural Services
<b>Assets</b>			
Cash and Pooled Investments	\$ 330,826	\$ -	\$ -
Receivables:			
Property Tax	28,109	407	1,380
Future Property Tax	4,438,977	355,116	2,887,590
Accrued Interest	5,114	-	-
Accounts	15,373	-	-
Due from Other Funds	660,597	241,309	898,110
Due from Other Governmental Agencies	221,365	41,025	5,167
Note Receivable	-	-	-
Prepaid Insurance	123,663	-	-
Inventories	-	-	-
Restricted Assets:			
Cash and Pooled Investments	-	-	-
Total Assets	5,824,024	637,857	3,792,247
<b>Liabilities and Equity</b>			
Liabilities:			
Accounts Payable	183,157	314,933	7,585
Notes Payable	200,000	-	-
Due to Other Funds	-	-	-
Due to Other Governmental Agencies	832	-	14,671
Deferred Revenue	23,812	344	1,131
Deferred Revenue - Future Property Tax	4,438,977	355,116	2,887,590
Salaries and Benefits Payable	11,916	1,075	4,086
Total Liabilities	4,858,694	671,468	2,915,063
Fund Balances:			
Nonspendable for:			
Inventories	-	-	-
Prepaid Insurance	123,663	-	-
Long-term Notes Receivable	-	-	-
Restricted for:			
Supplemental Levy Purposes	31,132	-	-
Rural Services Purposes	-	-	877,184
Secondary Road Purposes	-	-	-
Debt Service	-	-	-
Local Option Sales Tax Purposes	-	-	-
Other Purposes	-	-	-
Committed for:			
Revolving Loan	-	-	-
Assigned for:			
Technology Purposes	72,903	-	-
Attorney Collection Incentive	43,975	-	-
County Conservation Land Acquisition Trust	2,836	-	-
Unassigned	690,821	(33,611)	-
Total Fund Balances (Deficit)	965,330	(33,611)	877,184
Total Liabilities and Equity	\$ 5,824,024	\$ 637,857	\$ 3,792,247

See Accompanying Notes to Financial Statements

Secondary Roads	Joint Urban Renewal	Local Option Sales Tax	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 256,149	\$ -	\$ 1,095,550	\$ 53,469	\$ 336,291	\$ 2,072,285
	1,410	-	111	-	31,417
-	1,853,687	-	99,500	498,917	10,133,787
-	322	-	28	22	5,486
-	-	-	-	1,491	16,864
-	-	70,196	-	-	1,870,212
678,910	-	177,264	-	-	1,123,731
-	963,270	-	-	246,220	1,209,490
-	-	-	-	-	123,663
847,647	-	-	-	-	847,647
-	-	-	540,000	-	540,000
1,782,706	2,818,689	1,343,010	693,108	1,082,941	17,974,582
227,064	-	169,940	-	-	902,679
-	-	-	-	-	200,000
-	1,870,212	-	-	-	1,870,212
-	-	-	-	-	15,503
-	338	-	84	-	25,709
-	1,853,687	-	99,500	498,917	10,133,787
61,387	-	-	-	-	78,464
288,451	3,724,237	169,940	99,584	498,917	13,226,354
847,647	-	-	-	-	847,647
-	-	-	-	-	123,663
-	963,270	-	-	246,220	1,209,490
-	-	-	-	-	31,132
-	-	-	-	-	877,184
646,608	-	-	-	-	646,608
-	-	-	593,524	-	593,524
-	-	1,173,070	-	-	1,173,070
-	-	-	-	130,038	130,038
-	-	-	-	207,766	207,766
-	-	-	-	-	72,903
-	-	-	-	-	43,975
-	-	-	-	-	2,836
-	(1,868,818)	-	-	-	(1,211,608)
1,494,255	(905,548)	1,173,070	593,524	584,024	4,748,228
\$ 1,782,706	\$ 2,818,689	\$ 1,343,010	\$ 693,108	\$ 1,082,941	\$ 17,974,582

See Accompanying Notes to Financial Statements

**PLYMOUTH COUNTY, IOWA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

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*Amounts reported for governmental activities in the statement of net assets are different because:*

Total Fund Balance - Governmental Funds (page 18)		\$ 4,748,228
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.		56,584,392
Deferred revenues from the balance sheet that provide current financial resources for governmental activities.		25,709
Accrued expenses from the balance sheet that require current financial resources for governmental activities.		(33,225)
Bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		153,172
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	(6,860,000)	
L.O.S.T. Refunding Bonds	(2,910,000)	
Compensated Absences	(211,213)	
Premium on GO LOST Refunding Bonds	(64,556)	
Other postemployment benefits	(3,906)	(10,049,675)
Total Net Assets - Governmental Activities (page 14)		<u>\$ 51,428,601</u>

**COUNTY OF PLYMOUTH, IOWA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Funds**  
**Year Ended June 30, 2011**

	General	Mental Health	Rural Services
Revenue:			
Property and other county taxes	\$ 4,033,646	\$ 341,796	\$ 2,641,746
Interest and penalties on taxes	78,080	-	-
Intergovernmental	528,564	987,110	137,834
Licenses and permits	-	-	16,775
Charges for services	1,101,533	-	6,975
Use of money and property	143,969	-	-
Miscellaneous	290,715	29,400	-
Total Revenue	6,176,507	1,358,306	2,803,330
Expenditures:			
Current operating:			
Public safety and legal services	2,568,834	-	266,579
Physical health and social services	348,861	-	20,081
Mental health	-	1,984,771	-
County environment and education	514,347	-	361,898
Roads and transportation	-	-	-
Government services to residents	656,140	-	-
Administration	1,679,837	-	27,921
Non-program services	-	-	13,975
Capital projects	116,055	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	5,884,074	1,984,771	690,454
Excess (deficiency) of revenues over expenditures	292,433	(626,465)	2,112,876
Other financing sources (uses):			
Transfers in	-	100,000	-
Transfers (out)	(300,000)	-	(2,080,000)
Proceeds from sale of capital assets	-	-	-
Issuance of Debt	100,000	-	-
Total other financing sources (uses)	(200,000)	100,000	(2,080,000)
Net Change in Fund Balances	92,433	(526,465)	32,876
Fund balances (deficits) - beginning of year	861,400	492,854	844,308
Increase (Decrease) in Reserve for:			
Prepaid Insurance	11,497	-	-
Inventory	-	-	-
Fund balances (deficits) - end of year	\$ 965,330	\$ (33,611)	\$ 877,184

See Accompanying Notes to Financial Statements

Secondary Roads	Joint Urban Renewal	Local Option Sales Tax	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,257,151	\$ 1,053,722	\$ 98,531	\$ 494,229	\$ 9,920,821
-	-	-	-	-	78,080
5,365,459	-	121,951	217,027	27,973	7,385,918
7,510	-	-	-	-	24,285
-	-	-	-	5,869	1,114,377
35,106	5,961	-	920	3,697	189,653
62,916	50,000	40	-	25,781	458,852
5,470,991	1,313,112	1,175,713	316,478	557,549	19,171,986
-	-	-	-	17,928	2,853,341
-	-	-	-	7,446	376,388
-	-	-	-	-	1,984,771
-	-	-	-	50,834	927,079
6,195,661	-	-	-	-	6,195,661
-	-	-	-	-	656,140
-	521,722	1,341,820	-	385,035	3,956,335
-	-	-	-	-	13,975
1,444,148	-	-	-	-	1,560,203
-	-	-	890,000	-	890,000
-	-	-	381,516	-	381,516
7,639,809	521,722	1,341,820	1,271,516	461,243	19,795,409
(2,168,818)	791,390	(166,107)	(955,038)	96,306	(623,423)
2,280,000	-	-	1,497,116	-	3,877,116
-	(636,003)	(861,113)	-	-	(3,877,116)
101,400	-	-	-	-	101,400
-	-	-	-	-	100,000
2,381,400	(636,003)	(861,113)	1,497,116	-	201,400
212,582	155,387	(1,027,220)	542,078	96,306	(422,023)
1,339,406	(1,060,935)	2,200,290	51,446	487,718	5,216,487
-	-	-	-	-	11,497
(57,733)	-	-	-	-	(57,733)
\$ 1,494,255	\$ (905,548)	\$ 1,173,070	\$ 593,524	\$ 584,024	\$ 4,748,228

See Accompanying Notes to Financial Statements

**COUNTY OF PLYMOUTH, IOWA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2011**

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 21)	\$ (422,023)
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Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	7,405,181	
Depreciation Expense	<u>(2,712,042)</u>	4,693,139

Governmental funds report the proceeds from the sale of capital assets as revenue whereas the statement of activities reports the gain or (loss) on the disposal of capital assets. This is the effect on the change in net assets on the statement of activities.	(40,549)
--	----------

Revenues reported in the funds that are available to provide current financial resources	(22,948)
--	----------

Accrued interest expense that does not require current financial resources	(943)
--	-------

Inventories and insurance in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these items as expenditures in the period that the corresponding asset is exhausted.	(46,236)
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The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities.	(16,147)
--	----------

Compensated absences that require current financial resources.	(6,133)
--	---------

Proceeds from issuance of long-term debt	(100,000)
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The effect of bond premium when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities.	10,911
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The repayment of the principal of bonded long-term debt consumes the current financial resources of governmental funds without affecting the net assets. The statement of activities does not reflect the payment of principal on bonded long-term debt. The principal paid on bonded long-term debt during the current year was:	890,000
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Other postemployment benefits that do not require current financial resources	<u>(1,302)</u>
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Change in net assets of governmental activities (page 16)	<u>\$ 4,937,769</u>
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**COUNTY OF PLYMOUTH, IOWA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**Fiduciary Funds - Agency Funds**  
**JUNE 30, 2011**

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**ASSETS**

Cash and Pooled Investments	\$	2,147,289
Receivables:		
Property Tax		38,287
Future Property Tax		29,802,047
Assessments		65,199
Accounts		19,797
Accrued Interest		555
Due from Other Governments		11,937
<b>Total Assets</b>		<u><u>32,085,111</u></u>

**LIABILITIES**

Accounts Payable		6,958
Due to Other Governments		32,075,443
Compensated Absences		2,710
<b>Total Liabilities</b>	\$	<u><u>32,085,111</u></u>



**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2011**

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**Note 1 - Summary of Significant Accounting Policies**

The County of Plymouth, Iowa (the County) is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Recorder, Treasurer, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, general administrative services, and economic development.

The County's Financial Statements are prepared in accordance with the U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board. The more significant accounting policies established by GAAP and used by the County are discussed below.

**A. Reporting Entity**

For financial reporting purposes, the County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. Plymouth County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Plymouth County Assessor's Conference Board, Plymouth County and Municipal Joint Disaster Services Commission, and County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported as Agency Funds of the County.

**B. Basic Financial Statements – Government-Wide Statements**

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. Governmental activities are supported by property tax, intergovernmental revenues, and other non-exchange transactions. The County's Public Safety and Legal Services, Physical Health and Social Services, County Environment and Education, and Government Services to Residents are classified as governmental activities. The County has no business-type activities.

In the government-wide Statement of Net Assets, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts –

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2011**

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**Note 1 - Summary of Significant Accounting (Continued)**

invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The County first uses restricted resources to finance qualifying activities. The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions (administration, law enforcement, courts, roads, etc.). The functions are also supported by general government revenues (property taxes, fines, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

This government-wide focus is more on the sustainability of the County as an entity and the change in the County's net assets resulting from the current year's activities.

**C. Basis of Presentation - Fund Accounting**

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds. Nonmajor funds are summarized into a single column. GASB No. 34 sets forth minimum criteria for the determination of major funds. The County electively added funds, as major funds, which had a specific community focus. The nonmajor funds are combined in a column in the fund financial statements.

Governmental Fund Types – The focus of the governmental funds' measurement (in the fund statements) is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The County reports the following major governmental funds.

- 1) General Fund – The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

- 2) Special Revenue Funds

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the County outside of incorporated city areas.

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2011**

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**Note 1 -      Summary of Significant Accounting (Continued)**

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds and other revenues to be used for secondary road construction and maintenance.

The Local Option Sales Tax Fund is used to account for the revenues from the tax authorized by referendum and used for county infrastructure and county improvements.

The Joint Urban Renewal Fund is used to account for the TIF dollars that will be generated by a new TIF district established in Plymouth County.

- 3) Debt Service Fund - The Debt Service Fund is used to account for the payment of interest and principal on the County's general long-term debt.

Fiduciary Fund Types - Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support County programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide statements.

The agency funds of the County account for the property taxes levied by political subdivisions within the county, collections of those amounts by the county, and the remittance of the collected amounts to the subdivisions.

**D.    Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual accounting is used for all activities in the government-wide financial statements and for the fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred.

The Statement of Net Assets and the Statement of Activities report information on all the nonfiduciary activities of the County. In the government-wide Statement of Net Assets, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations with the difference reported as net assets. The County's net assets are reported in three parts – invested in capital assets, net of related debt, restricted net assets, and unrestricted net assets. The County first uses restricted resources to finance qualifying activities. Net assets are reported in the following categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation / amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net assets are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2011**

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**Note 1 - Summary of Significant Accounting (Continued)**

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

Modified accrual is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

Expenditures are recorded when the related fund liability is incurred. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when the payment is due.

Those revenues susceptible to accrual are property taxes and intergovernmental revenues. Licenses, fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid either using restricted or unrestricted resources, it is the County's policy to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned, and then unassigned fund balances

- E. Budgets – The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, disbursements did not exceed the amounts budgeted.
- F. Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. The County has defined cash and cash equivalents to include cash on hand and demand deposits. In addition, each fund's equity in the county's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. The County uses the following method in determining the reported amounts:

<u>Type</u>	<u>Method</u>
Certificates of Deposit	Cost
Iowa Public Agency Investment Trust	Fair value determined by current share price

- G. Property Tax Receivable - The County's property tax rates were extended against the assessed valuation of the County as of January 1, 2009 to compute the amounts for the accrual period July 1, 2010 to June 30, 2011. These taxes were due and payable in two

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2011**

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**Note 1 - Summary of Significant Accounting (Continued)**

installments on September 30, 2010 and March 31, 2011 at the County Treasurer's Office. Property tax receivable represents taxes that are due and payable but have not been collected.

- H. Future Property Taxes Receivable – This represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year.

Although the succeeding year property tax receivable has been recorded, for governmental funds the revenue is recorded as unearned revenue and will not be recognized as revenue until the year for which it is levied. For agency funds, as no revenues are recorded, the amounts are reflected as being due to other governments.

- I. Assessments Receivable – Assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than ten or more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Assessments receivable represents assessments, which are due and payable in the next year but have not been collected and are recorded in a fiduciary fund of the County.
- J. Due to/from Other Funds – During the course of operations numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet.
- K. Due to/from Other Governments - Due to/from other governments represents state tax credits due from the State of Iowa, various shared revenues, grants, and reimbursements receivable and taxes and other revenues collected by the County which will be remitted to other governments.
- L. Inventories - Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Reported inventories in the fund financial statements are equally offset by a nonspendable fund balance which indicates that they are not available to liquidate current obligations.
- M. Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide statement of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of \$5,000 for equipment, \$25,000 for land and buildings, and \$65,000 for infrastructure.

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2011**

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**Note 1 - Summary of Significant Accounting (Continued)**

Property and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

Buildings and Structures	10 - 75 Years
Infrastructure	10 - 65 Years
Machinery and Equipment	5 - 20 Years

- N. Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivable not collected within sixty days after year-end.
- O. Landfill – The County participates in a 28E agreement with Plymouth County Solid Waste Agency and therefore, is not required to account for landfill post closure costs.
- P. Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements and includes the related employee benefits. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absence liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absence liability attributable to the governmental activities will be paid primarily by General and Secondary Roads Funds.
- Q. Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Premiums and discounts on new debt issued are reported as an other financing source or use.

- R. Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resource are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2011**

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**Note 1 - Summary of Significant Accounting (Continued)**

Committed – Amounts which can be used for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in other classifications.

**Note 2 - Deposits and Pooled Investments**

The County's deposits at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County has certificates of deposits as of June 30, 2011 with various maturities extending no later than June, 2013.

Custodial Credit Risk: The County has no policy in place regarding custodial credit risk and deposits with financial institutions, however, deposits are insured by the state sinking fund, which provides for additional assessments against depositories to avoid loss of public funds.

At June 30, 2011 the County had the following investment meeting the disclosure requirement of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

	<u>Credit Risk</u>	<u>Fair Value</u>	<u>Maturity</u>
IPAIT	AAA	\$94,116	N/A

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at fair value. IPAIT was created pursuant to Iowa Code Chapter 28E and is registered with the Securities and Exchange Commission (SEC) in accordance with 17 C.F.R. Section 270.2a-7.

Interest rate risk: The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2011**

**Note 3 - Notes Receivable**

Plymouth County Revolving Loan Fund – During the year ended June 30, 2007 the Plymouth County Revolving Loan Fund was created. The purpose of the fund is to promote economic development in Plymouth County. During the year ended June 30, 2011, the County made no contributions to the Plymouth County Revolving Loan Fund. The County records the loan activity of this fund as a Special Revenue Fund.

The proceeds from the businesses remain in the Plymouth County Revolving Loan Fund for future loans to other businesses. Loan repayments totaled \$13,018 during the year ended June 30, 2011. The County issued one new \$250,000 loan during the year to Le Mars Dialysis. The County has two loans outstanding that are secured by personal guarantees of the business owners. The loan balance as of June 30, 2011 totals \$246,220.

**Note 4 - Interfund Receivables and Payables**

The detail of interfund receivables and payables at June 30, 2011 is as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
Rural Services	Joint Urban Renewal	\$ 898,110
General Basic	Joint Urban Renewal	660,597
Local Option Sales Tax	Joint Urban Renewal	70,196
Mental Health	Joint Urban Renewal	241,309
		<u>\$ 1,870,212</u>

The purpose of the interfund balances is to finance short-term cash flow shortages.

**Note 5 - Capital Assets**

A summary of changes in capital assets is as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,723,857	\$ 207,094	\$ -	\$ 1,930,951
Construction in Progress	1,227,495	5,136,847	4,183,083	2,181,259
Total capital assets not being depreciated	2,951,352	5,343,941	4,183,083	4,112,210
Capital assets being depreciated:				
Buildings	8,257,165	169,041	-	8,426,206
Equipment	7,697,659	945,661	354,612	8,288,708
Infrastructure	64,339,806	5,140,735	-	69,480,541
Total capital assets being depreciated	80,294,630	6,255,437	354,612	86,195,455
Less accumulated depreciation for:				
Buildings	1,362,990	136,616	-	1,499,606
Equipment	4,084,531	455,327	302,949	4,236,909
Infrastructure	25,866,659	2,120,099	-	27,986,758
Total accumulated depreciation	31,314,180	2,712,042	302,949	33,723,273
Total capital assets being depreciated, net	48,980,450	3,543,395	51,663	52,472,182
Governmental activities capital assets, net	\$ 51,931,802	\$ 8,887,336	\$ 4,234,746	\$ 56,584,392



**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2011**

**Note 5 - Capital Assets (Continued)**

Depreciation expense was charged to the functions as follows:

Public safety and legal services	\$ 58,390
Physical health and social services	3,434
Mental health	9,325
County environment and education	19,947
Roads and transportation	2,482,878
Government services to residents	810
Administration	137,258
	<u>\$ 2,712,042</u>

**Reconciliation of Invested in Capital Assets:**

	<b>Governmental Activities</b>
Land	\$ 1,930,951
Construction in Progress	2,181,259
Capital Assets (net of accumulated depreciation)	52,472,182
Less: Revenue Bonds	(2,910,000)
Less: Notes Payable	(200,000)
Invested in Capital Assets, Net of Related Debt	<u>\$ 53,474,392</u>

**Note 6 - Long-Term Liabilities**

The County's computed legal debt limit as of June 30, 2011, is \$110,888,708 of which \$9,970,000 is committed for outstanding general obligation bonds and notes payable.

The following is a summary of changes in long-term liability for the year ended June 30, 2011:

	<b>General Obligation Bonds</b>	<b>L.O.S.T. Refunding Bonds</b>	<b>General County Purpose Bond</b>	<b>Compensated Absences</b>	<b>Other Post- Employment Benefits</b>	<b>Total</b>
Balance Beginning of Year	\$ 7,205,000	\$ 3,355,000	\$ -	\$ 205,080	\$ 2,604	\$10,767,684
Increases	-	-	100,000	211,213	1,302	312,515
Decreases	345,000	445,000	100,000	205,080	-	1,095,080
Balance End of Year	<u>\$ 6,860,000</u>	<u>\$ 2,910,000</u>	<u>\$ -</u>	<u>\$ 211,213</u>	<u>\$ 3,906</u>	<u>\$ 9,985,119</u>
Due Within One Year	\$ 370,000	\$ 450,000	\$ -	\$ 211,213	\$ -	\$ 1,031,213

**Bonds Payable**

A summary of the County's June 30, 2011 general obligation and local option sales tax bond indebtedness is as follows:

	<b>Date Of Issue</b>	<b>Interest Rates</b>	<b>Annual Payments</b>	<b>Amount Originally Issued</b>	<b>Outstanding June 30, 2011</b>
<i>General Obligation</i>					
<i>Urban Renewal Bonds:</i>					
Series 2005A	2005	3.45 – 4.40%	\$345,000 - \$630,000	\$7,840,000	\$ 6,860,000
<i>Local Option Sales Tax Refunding:</i>					
Series 2010	2010	2.45 – 3.0%	\$445,000 - \$520,000	\$3,355,000	<u>2,910,000</u>
					<u>\$9,770,000</u>

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2011**

**Note 6 - Long-Term Liabilities (Continued)**

In June 2005, the County issued \$7,840,000 of General Obligation Urban Renewal Bonds to be used for economic development purposes in Plymouth County. The bonds will be repaid with future TIF revenues generated from the increased tax base.

In June 2010, the County issued \$3,355,000 of General Obligation Local Option Sales Tax Refunding Bonds in an advance refunding of the 2002 L.O.S.T. Revenue Bonds. The 2010 bonds have an average interest rate of 2.45% - 3.0%. The net proceeds from this issuance were used to purchase U.S. government securities and were deposited in an escrow account with Bankers Trust Company. As of June 30, 2011, the amount in escrow was \$2,859,457. This amount will be used to refund the remaining \$3,075,000 on December 1, 2012 when the notes become callable. As a result, the County will reduce its debt service payments over the next fifteen years by \$8,282 and obtain an economic gain of \$6,769.

The County also issued a \$100,000 general county purpose bond on April 11, 2011 which was repaid by the debt service fund on April 25, 2011. The proceeds were used to finance capital acquisitions and other necessary operations of the County.

**Notes Payable**

The County also issued a \$200,000 General Obligation Equipment Acquisition Note on February 2, 2011 for the purchase of a motor grader. The note is at 2.5% interest and matures November 1, 2011. This short-term note payable is recorded in the general fund as of June 30, 2011.

Balance Beginning of Year	\$ -
Increases	200,000
Decreases	-
Balance End of Year	<u>\$ 200,000</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2011, are as follows:

Fiscal Year	General Obligation Principal	L.O.S.T. Refunding Bonds Principal	General Obligation Equipment Acquisition Note Principal	Interest	Total
2012	\$ 370,000	\$ 450,000	\$ 200,000	\$ 358,716	\$ 1,378,716
2013	390,000	465,000	-	328,522	1,183,522
2014	405,000	480,000	-	300,113	1,185,113
2015	420,000	490,000	-	270,375	1,180,375
2016	440,000	505,000	-	240,669	1,185,669
2017-2021	2,465,000	520,000	-	831,602	3,816,602
2022-2025	2,370,000	-	-	263,800	2,633,300
	<u>\$ 6,860,000</u>	<u>\$ 2,910,000</u>	<u>\$ 200,000</u>	<u>\$ 2,593,297</u>	<u>\$ 12,563,297</u>

\$593,524 is available to service the General Obligation and L.O.S.T. Refunding Bonds. The general obligation bonds are to be retired through property tax levies. The Local Sales Tax Refunding Bonds are to be retired through local option sales tax revenue and contributions from surrounding communities pursuant to a 28E agreement.

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2011**

**Note 6 - Long-Term Liabilities (Continued)**

There are a number of limitations and restrictions contained in the various bond indentures creating certain reserve and sinking funds to insure repayment of the revenue bonds. A summary of the fund requirements is as follows:

<b>Special Revenue</b>	<b>Type of Account</b>	<b>Required Balance June 30, 2011</b>	<b>Actual Balance June 30, 2011</b>
Jail Bond Sinking Fund	Sinking Fund	\$ 526,733	\$ 540,000*

\*Amounts are classified as restricted assets on the combined balance sheet.

**Note 7 - Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

	<b>General</b>	<b>Rural Services</b>	<b>Local Option Sales Tax</b>	<b>Joint Urban Renewal</b>	<b>Total Transfer In:</b>
Secondary Roads	\$ 200,000	\$2,080,000	\$ -	\$ -	\$ 2,280,000
Debt Service	-	-	861,113	636,003	1,497,116
Mental Health	100,000	-	-	-	100,000
<b>Transfer Out:</b>	<b>\$ 300,000</b>	<b>\$2,080,000</b>	<b>\$ 861,113</b>	<b>\$ 636,003</b>	<b>\$ 3,877,116</b>

Transfers are used to:

1. Move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.
2. Move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due.

**Note 8 - Risk Management**

Plymouth County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 645 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each members' annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital.

Capital contributions are made during the first six years of membership and are maintained to equal 150 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2011**

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**Note 8 - Risk Management (Continued)**

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2011 were \$240,135.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$12,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by The Traveler's Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2011, no liability has been recorded in the County's financial statements. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County also participates in the Iowa Municipalities Workers' Compensation Association (IMWCA) for workman's compensation insurance.

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2011**

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**Note 9 - Pension and Retirement**

Iowa Public Employees Retirement System – The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by the state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA 50306-9117.

Most regular plan members are required to contribute 4.50% of their annual covered salary and the County is required to contribute 6.95% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially defined contribution rate. Contribution requirements are established by state statute. The County contribution to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$375,339, \$345,743, and \$321,206, respectively, equal to the required contributions for each year.

**Note 10 - Other Postemployment Benefits (OPEB)**

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 102 active and no retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage, which is a medical plan, is administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 6,915
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>6,915</u>
Contributions made	<u>(5,613)</u>
Increase in net OPEB obligation	1,302
Net OPEB obligation beginning of year	<u>2,604</u>
Net OPEB obligation end of year	<u>\$ 3,906</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2011**

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**Note 10 - Other Postemployment Benefits (OPEB) (Continued)**

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation is summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 6,915	81.17%	\$ 3,906
June 30, 2010	\$ 6,915	81.17%	\$ 2,604
June 30, 2009	\$ 6,915	81.17%	\$ 1,302

Funded Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$59,051, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$59,051. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,675,000 and the ratio of the UAAL to covered payroll was 1.26%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table. Annual retirement and termination probabilities were based on 25% for actives currently electing coverage beginning at age 55 and 0% for actives currently waiving coverage.

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2011**

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**Note 10 - Other Postemployment Benefits (OPEB) (Continued)**

Projected claim costs of the medical plan are \$926 per month for retirees less than age 65. The salary increase rate was assumed to be 2% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**Note 11 - 28E Agreement**

During the year ended June 30, 2002, the County entered into several 28E Agreements with the communities in the County to contribute funds for the construction of a County jail from local option sales tax proceeds. The communities agreed to contribute a total of \$3,236,020 through November 2016. As of June 30, 2011, the communities have made payments totaling \$1,950,302. In August 2010, the communities agreed on a new 28E repayment schedule due to the issuance of the LOST refunding bonds which reduced the future bond payments. The new agreement reduced the payments remaining from the area communities from \$1,499,589 to \$1,495,292 with the final payments due December 1, 2016.

**Note 12 - Contingencies**

The County receives significant financial assistance from the U.S. government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund that receives the grant. As of June 30, 2011, the County estimates that no material liabilities will result from such audits.

**Note 13 - Commitments**

The County has entered into construction contracts totaling \$1,077,862 for bridge and roadway construction. As of June 30, 2011, \$718,802 had been incurred against the contract. The balance of \$359,060 will be paid as work on the project progresses.

**Note 14 - Deficit Fund Balances**

The County has two funds with deficit fund balances at June 30, 2011. The County intends to finance the deficits in the Urban Renewal funds with future TIF revenues. The Mental Health deficit will be financed with future Mental Health revenues.

The fund deficits were as follows:

Special Revenue – Joint Urban Renewal	\$ 905,548
Special Revenue – Mental Health	\$ 33,611

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Financial Statements**  
**June 30, 2011**

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**Note 15 - Accounting Change / Restatement**

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented during the year ended June 30, 2011. The effect of the fund type reclassifications is as follows:

	<b>Non-Major Special Revenue County Attorney Collection Incentive</b>	<b>Non-Major Special Revenue Conservation Land Acquisition</b>	<b>General</b>
Balances June 30, 2010, as previously reported	\$ 32,717	\$ 28,780	\$ 799,903
Change in fund type classification per implementation of GASB Statement No. 54	(32,717)	(28,780)	61,497
Balances July 1, 2010, as restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 861,400</u>

**Note 16 - Subsequent Events**

In August 2011 the County issued \$6,455,000 of GO Refunding Bonds in an advanced refunding of the 2005 GO Bond Issue. The 2011 bonds have an average interest rate of 3.75 – 4.4%. The net proceeds from this issuance were used to purchase U.S. government securities and were deposited in an escrow account with Bankers Trust Company. The amount placed in escrow in August 2011 was \$6,327,691. This amount will be used to refund the remaining \$6,100,000 on June 1, 2013 when the notes become callable. As a result, the County will reduce its debt service payments over the next twelve years for a savings of \$231,098.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**COUNTY OF PLYMOUTH, IOWA**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET  
AND ACTUAL - ALL GOVERNMENTAL FUNDS (BUDGETARY BASIS)**

**Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Amended		
Revenue:				
Property and other county taxes	\$ 9,867,073	\$ 9,867,073	\$ 9,874,737	\$ 7,664
Interest and penalties on taxes	49,500	49,500	75,900	26,400
Intergovernmental	7,316,709	7,380,705	6,799,761	(580,944)
Licenses and permits	20,200	20,200	24,285	4,085
Charges for services	862,040	1,053,586	1,115,871	62,285
Use of money and property	195,000	195,000	213,140	18,140
Miscellaneous	284,000	536,362	528,148	(8,214)
Total Revenue	18,594,522	19,102,426	18,631,842	(470,584)
Expenditures:				
Current operating:				
Public safety and legal services	2,961,760	2,975,260	2,852,154	123,106
Physical health and social services	380,254	380,254	322,606	57,648
Mental Health	1,789,986	1,855,986	1,848,232	7,754
County environment and education	938,065	947,933	927,498	20,435
Roads and transportation	6,315,000	6,802,000	6,233,133	568,867
Government services to residents	724,616	724,616	656,290	68,326
Administration	3,572,643	4,385,913	4,034,030	351,883
Debt service	1,268,700	1,273,400	1,271,516	1,884
Capital projects	893,780	1,353,780	1,327,084	26,696
Total Expenditures	18,844,804	20,699,142	19,472,543	1,226,599
Excess (Deficiency) of revenues over expenditures	(250,282)	(1,596,716)	(840,701)	756,015
Other financing sources (uses):				
Transfers in	3,047,000	3,436,318	3,982,226	545,908
Transfers out	(3,047,000)	(3,436,318)	(3,982,226)	(545,908)
Proceeds from sale of capital assets	-	-	101,400	101,400
Proceeds from issuance of debt	100,000	300,000	300,000	-
Total other financing sources (uses)	100,000	300,000	401,400	101,400
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (150,282)	\$ (1,296,716)	(439,301)	\$ 857,415
Balance beginning of year			3,051,586	
Balance end of year			\$ 2,612,285	

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Required Supplementary Information – Budgetary Reporting**  
**June 30, 2011**

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The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized in the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$1,854,338. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

The County's one budget amendment is as follows:

<b><u>Function</u></b>	<b><u>Original Budget</u></b>	<b><u>Amendment</u></b>	<b><u>Amended Budget</u></b>
Public Safety and Legal Services	\$ 2,961,760	\$ 13,500	\$ 2,975,260
Physical Health and Social Services	380,254	-	380,254
Mental Health	1,789,986	66,000	1,855,986
County Environment and Education	938,065	9,868	947,933
Roads and Transportation	6,315,000	487,000	6,802,000
Government Services to Residents	724,616	-	724,616
Administration	3,572,643	813,270	4,385,913
Capital Projects	893,780	460,000	1,353,780
Debt Service	1,268,700	4,700	1,273,400
Total	<u>\$ 18,844,804</u>	<u>\$ 1,854,338</u>	<u>\$ 20,699,142</u>

**COUNTY OF PLYMOUTH, IOWA**  
**Notes to Required Supplementary Information – Budgetary Reporting**  
**June 30, 2011**

As noted previously, the actual results of operations are presented in accordance with U.S. generally accepted accounting principles which differ in certain respects from those practices used in the preparation of the 2010-11 budget. For purposes of preparing the budget comparison above, the actual expenses have been adjusted to the cash basis which is consistent with the County's budgeted expenditures. The adjustments required to convert the expenses to cash basis at the end of year are as follows:

	<b>Governmental Funds</b>		
		<b>Total</b>	
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Modified Accrual Basis</b>
Revenues	\$ 18,631,842	\$ 540,144	\$ 19,171,986
Expenditures	19,472,543	322,866	19,795,409
Net	(840,701)	217,278	(623,423)
Other Financing Sources	401,400	(200,000)	201,400
Beginning Fund Balance	3,051,586	2,164,901	5,216,487
Decrease in Reserve for Inventory	-	(57,733)	(57,733)
Increase in Reserve for Prepaid Insurance	-	11,497	11,497
Ending Fund Balance	<u>\$ 2,612,285</u>	<u>\$ 2,135,943</u>	<u>\$ 4,748,228</u>

**PLYMOUTH COUNTY**  
**Schedule of Funding Progress for the Retiree Health Plan**  
**Required Supplementary Information**

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Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	-	\$ 59,051	\$ 59,051	0.00%	\$4,385,000	1.34%
2010	July 1, 2008	-	\$ 59,051	\$ 59,051	0.00%	\$4,675,000	1.26%
2011	July 1, 2008	-	\$ 59,051	\$ 59,051	0.00%	\$4,675,000	1.26%

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

## OTHER SUPPLEMENTARY INFORMATION

**COUNTY OF PLYMOUTH, IOWA**  
**COMBINING BALANCE SHEET**  
**Governmental Nonmajor Funds**  
**JUNE 30, 2011**

	<b>Special Revenue Funds</b>		
	<b>Revolving Loan Fund</b>	<b>Veteran Affairs County Grant</b>	<b>Recorder's Records Management Fund</b>
<b>Assets</b>			
Cash and Pooled Investments	\$ 207,766	\$ 1,603	\$ 33,777
Receivables:			
Future Property Tax	-	-	-
Accrued Interest	-	-	19
Accounts	-	-	328
Note Receivable	246,220	-	-
<b>Total Assets</b>	<u>453,986</u>	<u>1,603</u>	<u>34,124</u>
<b>Liabilities and Equity</b>			
<b>Liabilities:</b>			
Deferred Revenue - Future Property Tax	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>			
Nonspendable for:			
Long-term Notes Receivable	246,220	-	-
Restricted for:			
Other Purposes	-	1,603	34,124
Committed for:			
Revolving Loan	207,766	-	-
<b>Total Fund Balances</b>	<u>453,986</u>	<u>1,603</u>	<u>34,124</u>
<b>Total Liabilities and Equity</b>	<u>\$ 453,986</u>	<u>\$ 1,603</u>	<u>\$ 34,124</u>

Special Revenue Funds				
REAP	Forfeiture Fund	Plymouth County Ethanol Urban Renewal	Total	
\$ 506	\$ 84,785	\$ 7,854	\$	336,291
-	-	498,917		498,917
-	3	-		22
-	1,163	-		1,491
-	-	-		246,220
506	85,951	506,771		1,082,941
-	-	498,917		498,917
-	-	498,917		498,917
-	-	-		246,220
506	85,951	7,854		130,038
-	-	-		207,766
506	85,951	7,854		584,024
\$ 506	\$ 85,951	\$ 506,771	\$	1,082,941



**COUNTY OF PLYMOUTH, IOWA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**Governmental Nonmajor Funds**  
**YEAR ENDED JUNE 30, 2011**

	<b>Special Revenue Funds</b>		
	<b>Revolving Loan Fund</b>	<b>Veteran Affairs County Grant</b>	<b>Recorder's Records Management Fund</b>
Revenue:			
Property and other county taxes	\$ -	\$ -	\$ -
Intergovernmental	-	10,000	-
Charges for services	-	-	5,869
Use of money and property	3,305	-	216
Miscellaneous	-	-	-
Total Revenue	3,305	10,000	6,085
Expenditures:			
Current operating:			
Public safety and legal services	-	-	-
Physical health and social services	-	7,446	-
County environment and education	-	-	-
Administration	-	-	-
Total Expenditures	-	7,446	-
Excess (Deficiency) of revenues over expenditures	3,305	2,554	6,085
Net Change in Fund Balances	3,305	2,554	6,085
Fund balances (Deficits) - beginning of year	450,681	(951)	28,039
Fund balances - end of year	\$ 453,986	\$ 1,603	\$ 34,124

Special Revenue Funds			
REAP	Forfeiture Fund	Plymouth County Ethanol Urban Renewal	Total
\$ -	\$ -	\$ 494,229	\$ 494,229
17,197	776	-	27,973
-	-	-	5,869
124	52	-	3,697
-	25,781	-	25,781
17,321	26,609	494,229	557,549
-	17,928	-	17,928
-	-	-	7,446
50,834	-	-	50,834
-	-	385,035	385,035
50,834	17,928	385,035	461,243
(33,513)	8,681	109,194	96,306
(33,513)	8,681	109,194	96,306
34,019	77,270	(101,340)	487,718
\$ 506	\$ 85,951	\$ 7,854	\$ 584,024

**COUNTY OF PLYMOUTH, IOWA**  
**COMBINING SCHEDULE OF FIDUCIARY NET ASSETS**  
**Agency Funds**  
**JUNE 30, 2011**

	County Recorder	County Sheriff	Ag Extension Education	County Assessor
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 49,026	\$ 31,187	\$ 2,216	\$ 331,416
Receivables:				
Property Tax	-	-	231	585
Future Property Tax	-	-	201,000	509,933
Assessments	-	-	-	-
Accounts	24	-	-	-
Accrued Interest	-	-	-	120
Due from Other Governments	-	-	-	-
Total Assets	49,050	31,187	203,447	842,054
<b>LIABILITIES</b>				
Accounts Payable	-	2,210	-	2,914
Due to Other Governments	49,050	28,977	203,447	837,318
Compensated Absences	-	-	-	1,822
Total Liabilities	\$ 49,050	\$ 31,187	\$ 203,447	\$ 842,054

Schools	Area Schools	Corporations	Townships	City Special Assessments
\$ 190,141	\$ 10,465	\$ 79,496	\$ 4,219	\$ -
18,640	1,065	17,610	153	-
17,225,541	927,104	10,590,297	344,355	-
-	-	-	-	34,354
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
17,434,322	938,634	10,687,403	348,727	34,354
-	-	-	-	-
17,434,322	938,634	10,687,403	348,727	34,354
-	-	-	-	-
\$ 17,434,322	\$ 938,634	\$ 10,687,403	\$ 348,727	\$ 34,354

**COUNTY OF PLYMOUTH, IOWA**  
**COMBINING SCHEDULE OF FIDUCIARY NET ASSETS (Continued)**  
**Agency Funds**  
**JUNE 30, 2011**

	<b>Auto License-Use Tax</b>	<b>Joint Disaster</b>	<b>Brucellosis &amp; Tuberculosis Eradication</b>
<b>ASSETS</b>			
Cash and Pooled Investments	\$ 673,188	\$ 63,981	\$ 44
Receivables:			
Property Tax	-	-	3
Future Property Tax	-	-	3,817
Assessments	-	-	-
Accounts	-	-	-
Accrued Interest	-	-	-
Due from Other Governments	-	-	-
Total Assets	<u>673,188</u>	<u>63,981</u>	<u>3,864</u>
<b>LIABILITIES</b>			
Accounts Payable	-	515	-
Due to Other Governments	673,188	62,578	3,864
Compensated Absences	-	888	-
Total Liabilities	<u>\$ 673,188</u>	<u>\$ 63,981</u>	<u>\$ 3,864</u>

<b>Tax Redemption</b>	<b>Emergency 911</b>	<b>Future Tax Payment</b>	<b>Recorder's Electronic Fee Fund</b>	<b>Drainage Districts</b>	<b>Total</b>
\$ 46,176	\$ 521,128	\$ 124,485	\$ 1,418	\$ 18,703	\$ 2,147,289
-	-	-	-	-	38,287
-	-	-	-	-	29,802,047
-	-	-	-	30,845	65,199
-	18,797	-	976	-	19,797
-	435	-	-	-	555
-	11,937	-	-	-	11,937
46,176	552,297	124,485	2,394	49,548	32,085,111
-	1,319	-	-	-	6,958
46,176	550,978	124,485	2,394	49,548	32,075,443
-	-	-	-	-	2,710
\$ 46,176	\$ 552,297	\$ 124,485	\$ 2,394	\$ 49,548	\$ 32,085,111

COUNTY OF PLYMOUTH, IOWA  
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
Agency Funds  
Year Ended June 30, 2011

	Balance June 30, 2010	Addi- tions	Deduc- tions	Balance June 30, 2011
<b>County Recorder</b>				
<i>Assets</i>				
Cash and Pooled Investments	\$ 68,402	\$ 441,725	\$ 461,101	\$ 49,026
Accounts Receivable	156	192	324	24
Total Assets	<u>68,558</u>	<u>441,917</u>	<u>461,425</u>	<u>49,050</u>
<i>Liabilities</i>				
Due to Other Governments	<u>68,558</u>	<u>441,917</u>	<u>461,425</u>	<u>49,050</u>
Total Liabilities	<u>68,558</u>	<u>441,917</u>	<u>461,425</u>	<u>49,050</u>
<b>County Sheriff</b>				
<i>Assets</i>				
Cash and Pooled Investments	<u>28,089</u>	<u>147,148</u>	<u>144,050</u>	<u>31,187</u>
Total Assets	<u>28,089</u>	<u>147,148</u>	<u>144,050</u>	<u>31,187</u>
<i>Liabilities</i>				
Account Payable	<u>2,111</u>	<u>60,656</u>	<u>60,557</u>	<u>2,210</u>
Due to Other Governments	<u>25,978</u>	<u>86,492</u>	<u>83,493</u>	<u>28,977</u>
Total Liabilities	<u>28,089</u>	<u>147,148</u>	<u>144,050</u>	<u>31,187</u>
<b>Agricultural Extension Education</b>				
<i>Assets</i>				
Cash and Pooled Investments	<u>2,482</u>	<u>195,498</u>	<u>195,764</u>	<u>2,216</u>
Property Tax Receivable	<u>282</u>	<u>231</u>	<u>282</u>	<u>231</u>
Future Property Tax Receivable	<u>195,000</u>	<u>201,000</u>	<u>195,000</u>	<u>201,000</u>
Total Assets	<u>197,764</u>	<u>396,729</u>	<u>391,046</u>	<u>203,447</u>
<i>Liabilities</i>				
Due to Other Governments	<u>197,764</u>	<u>396,729</u>	<u>391,046</u>	<u>203,447</u>
Total Liabilities	<u>197,764</u>	<u>396,729</u>	<u>391,046</u>	<u>203,447</u>
<b>County Assessor</b>				
<i>Assets</i>				
Cash and Pooled Investments	<u>220,553</u>	<u>589,317</u>	<u>478,454</u>	<u>331,416</u>
Property Tax Receivable	<u>800</u>	<u>585</u>	<u>800</u>	<u>585</u>
Future Property Tax Receivable	<u>553,542</u>	<u>509,933</u>	<u>553,542</u>	<u>509,933</u>
Accrued Interest	<u>72</u>	<u>120</u>	<u>72</u>	<u>120</u>
Total Assets	<u>774,967</u>	<u>1,099,955</u>	<u>1,032,868</u>	<u>842,054</u>
<i>Liabilities</i>				
Accounts Payable	<u>141</u>	<u>2,914</u>	<u>141</u>	<u>2,914</u>
Compensated Absences	<u>2,208</u>	<u>1,822</u>	<u>2,208</u>	<u>1,822</u>
Salaries & Benefits Payable	<u>800</u>	<u>-</u>	<u>800</u>	<u>-</u>
Due to Other Governments	<u>771,818</u>	<u>1,095,219</u>	<u>1,029,719</u>	<u>837,318</u>
Total Liabilities	<u>\$ 774,967</u>	<u>\$ 1,099,955</u>	<u>\$ 1,032,868</u>	<u>\$ 842,054</u>

(Continued)

COUNTY OF PLYMOUTH, IOWA  
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - (Continued)  
Agency Funds  
Year Ended June 30, 2011

	Balance June 30, 2010	Addi- tions	Deduc- tions	Balance June 30, 2011
<b>Schools</b>				
<i>Assets</i>				
Cash and Pooled Investments	\$ 197,486	\$ 16,549,954	\$ 16,557,299	\$ 190,141
Property Tax Receivable	23,337	18,640	23,337	18,640
Future Property Tax Receivable	16,510,918	17,225,541	16,510,918	17,225,541
Total Assets	<u>16,731,741</u>	<u>33,794,135</u>	<u>33,091,554</u>	<u>17,434,322</u>
<i>Liabilities</i>				
Due to Other Governments	<u>16,731,741</u>	<u>33,794,135</u>	<u>33,091,554</u>	<u>17,434,322</u>
Total Liabilities	<u>16,731,741</u>	<u>33,794,135</u>	<u>33,091,554</u>	<u>17,434,322</u>
<b>Area Schools</b>				
<i>Assets</i>				
Cash and Pooled Investments	11,640	923,421	924,596	10,465
Property Tax Receivable	1,335	1,065	1,335	1,065
Future Property Tax Receivable	921,063	927,104	921,063	927,104
Total Assets	<u>934,038</u>	<u>1,851,590</u>	<u>1,846,994</u>	<u>938,634</u>
<i>Liabilities</i>				
Due to Other Governments	<u>934,038</u>	<u>1,851,590</u>	<u>1,846,994</u>	<u>938,634</u>
Total Liabilities	<u>934,038</u>	<u>1,851,590</u>	<u>1,846,994</u>	<u>938,634</u>
<b>Corporations</b>				
<i>Assets</i>				
Cash and Pooled Investments	79,481	10,312,480	10,312,465	79,496
Property Tax Receivable	18,425	17,610	18,425	17,610
Future Property Tax Receivable	10,292,582	10,590,297	10,292,582	10,590,297
Total Assets	<u>10,390,488</u>	<u>20,920,387</u>	<u>20,623,472</u>	<u>10,687,403</u>
<i>Liabilities</i>				
Due to Other Governments	<u>10,390,488</u>	<u>20,920,387</u>	<u>20,623,472</u>	<u>10,687,403</u>
Total Liabilities	<u>10,390,488</u>	<u>20,920,387</u>	<u>20,623,472</u>	<u>10,687,403</u>
<b>Townships</b>				
<i>Assets</i>				
Cash and Pooled Investments	4,290	326,508	326,579	4,219
Property Tax Receivable	119	153	119	153
Future Property Tax Receivable	326,268	344,355	326,268	344,355
Total Assets	<u>330,677</u>	<u>671,016</u>	<u>652,966</u>	<u>348,727</u>
<i>Liabilities</i>				
Due to Other Governments	<u>330,677</u>	<u>671,016</u>	<u>652,966</u>	<u>348,727</u>
Total Liabilities	<u>\$ 330,677</u>	<u>\$ 671,016</u>	<u>\$ 652,966</u>	<u>\$ 348,727</u>

(Continued)



COUNTY OF PLYMOUTH, IOWA  
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - (Continued)  
Agency Funds  
Year Ended June 30, 2011

	Balance June 30, 2010	Addi- tions	Deduc- tions	Balance June 30, 2011
<b>City Special Assessments</b>				
<i>Assets</i>				
Cash and Pooled Investments	\$ 990	\$ 37,831	\$ 38,821	\$ -
Assessments Receivable	29,376	34,354	29,376	34,354
Total Assets	<u>30,366</u>	<u>72,185</u>	<u>68,197</u>	<u>34,354</u>
<i>Liabilities</i>				
Due to Other Governments	30,366	72,185	68,197	34,354
Total Liabilities	<u>30,366</u>	<u>72,185</u>	<u>68,197</u>	<u>34,354</u>
<b>Auto License and Use Tax</b>				
<i>Assets</i>				
Cash and Pooled Investments	586,066	7,712,259	7,625,137	673,188
Total Assets	<u>586,066</u>	<u>7,712,259</u>	<u>7,625,137</u>	<u>673,188</u>
<i>Liabilities</i>				
Due to Other Governments	586,066	7,712,259	7,625,137	673,188
Total Liabilities	<u>586,066</u>	<u>7,712,259</u>	<u>7,625,137</u>	<u>673,188</u>
<b>Joint Disaster</b>				
<i>Assets</i>				
Cash and Pooled Investments	35,575	121,080	92,674	63,981
Due from Other Governments	29,551	-	29,551	-
Total Assets	<u>65,126</u>	<u>121,080</u>	<u>122,225</u>	<u>63,981</u>
<i>Liabilities</i>				
Accounts Payable	274	515	274	515
Compensated Absences	869	888	869	888
Due to Other Governments	63,983	119,677	121,082	62,578
Total Liabilities	<u>65,126</u>	<u>121,080</u>	<u>122,225</u>	<u>63,981</u>
<b>Brucellosis and Tuberculosis Eradication</b>				
<i>Assets</i>				
Cash and Pooled Investments	43	6,278	6,277	44
Property Tax Receivable	5	3	5	3
Future Property Tax	3,836	3,817	3,836	3,817
Total Assets	<u>3,884</u>	<u>10,098</u>	<u>10,118</u>	<u>3,864</u>
<i>Liabilities</i>				
Due to Other Governments	3,884	10,098	10,118	3,864
Total Liabilities	<u>\$ 3,884</u>	<u>\$ 10,098</u>	<u>\$ 10,118</u>	<u>\$ 3,864</u>

(Continued)

COUNTY OF PLYMOUTH, IOWA  
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - (Continued)  
Agency Funds  
Year Ended June 30, 2011

	Balance June 30, 2010	Addi- tions	Deduc- tions	Balance June 30, 2011
<b>Tax Redemption</b>				
<i>Assets</i>				
Cash and Pooled Investments	\$ 29,449	\$ 290,474	\$ 273,747	\$ 46,176
Total Assets	<u>29,449</u>	<u>290,474</u>	<u>273,747</u>	<u>46,176</u>
<i>Liabilities</i>				
Due to Other Governments	29,449	290,474	273,747	46,176
Total Liabilities	<u>29,449</u>	<u>290,474</u>	<u>273,747</u>	<u>46,176</u>
<b>E-911</b>				
<i>Assets</i>				
Cash and Pooled Investments	424,433	193,842	97,147	521,128
Accounts Receivable	31,291	18,797	31,291	18,797
Accrued Interest	409	435	409	435
Due from Other Governments	11,685	11,937	11,685	11,937
Total Assets	<u>467,818</u>	<u>225,011</u>	<u>140,532</u>	<u>552,297</u>
<i>Liabilities</i>				
Accounts Payable	583	1,319	583	1,319
Due to Other Governments	467,235	223,692	139,949	550,978
Total Liabilities	<u>467,818</u>	<u>225,011</u>	<u>140,532</u>	<u>552,297</u>
<b>Future Tax</b>				
<i>Assets</i>				
Cash and Pooled Investments	95,784	136,475	107,774	124,485
Total Assets	<u>95,784</u>	<u>136,475</u>	<u>107,774</u>	<u>124,485</u>
<i>Liabilities</i>				
Due to Other Governments	95,784	136,475	107,774	124,485
Total Liabilities	<u>95,784</u>	<u>136,475</u>	<u>107,774</u>	<u>124,485</u>
<b>Recorder's Electronic Fee Fund</b>				
<i>Assets</i>				
Cash	1,212	17,974	17,768	1,418
Accounts Receivable	-	976	-	976
Due From Other Governments	1,572	-	1,572	-
Total Assets	<u>2,784</u>	<u>18,950</u>	<u>19,340</u>	<u>2,394</u>
<i>Liabilities</i>				
Due to Other Governments	2,784	18,950	19,340	2,394
Total Liabilities	<u>\$ 2,784</u>	<u>\$ 18,950</u>	<u>\$ 19,340</u>	<u>\$ 2,394</u>

(Continued)

COUNTY OF PLYMOUTH, IOWA  
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - (Continued)  
Agency Funds  
Year Ended June 30, 2011

	Balance July 1, 2010	Addi- tions	Deduc- tions	Balance June 30, 2011
<b>Drainage Districts</b>				
<i>Assets</i>				
Cash and Pooled Investments	\$ 18,703	\$ -	\$ -	\$ 18,703
Assessments	-	30,845	-	30,845
Total Assets	<u>18,703</u>	<u>30,845</u>	<u>-</u>	<u>49,548</u>
<i>Liabilities</i>				
Due to Other Governments	<u>18,703</u>	<u>30,845</u>	<u>-</u>	<u>49,548</u>
Total Liabilities	<u>18,703</u>	<u>30,845</u>	<u>-</u>	<u>49,548</u>
<b>Total All Agency Funds</b>				
<i>Assets</i>				
Cash and Pooled Investments	1,804,678	38,002,264	37,659,653	2,147,289
Receivables:				
Property Tax	44,303	38,287	44,303	38,287
Future Property Tax	28,803,209	29,802,047	28,803,209	29,802,047
Accounts	31,447	19,965	31,615	19,797
Assessments	29,376	65,199	29,376	65,199
Accrued Interest	481	555	481	555
Due from Other Governments	<u>42,808</u>	<u>11,937</u>	<u>42,808</u>	<u>11,937</u>
Total Assets	<u>30,756,302</u>	<u>67,940,254</u>	<u>66,611,445</u>	<u>32,085,111</u>
<i>Liabilities</i>				
Accounts Payable	3,109	65,404	61,555	6,958
Due to Other Governments	30,749,316	67,872,140	66,546,013	32,075,443
Compensated Absences	3,077	2,710	3,077	2,710
Salaries and Benefits Payable	<u>800</u>	<u>-</u>	<u>800</u>	<u>-</u>
Total Liabilities	<u>\$30,756,302</u>	<u>\$67,940,254</u>	<u>\$66,611,445</u>	<u>\$32,085,111</u>

**COUNTY OF PLYMOUTH, IOWA****Schedule of Revenues By Source and Expenditures By Function - All Governmental Funds  
For the Last Nine Years**

	<b>Modified Accrual Basis of Accounting</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
<hr/>			
Revenue:			
Property and other county tax	\$ 9,920,821	\$ 8,990,258	\$ 8,308,557
Interest and penalty on property tax	78,080	59,147	52,946
Intergovernmental	7,385,918	6,932,868	7,024,793
Licenses and permits	24,285	22,993	30,113
Charges for services	1,114,377	859,404	1,022,824
Use of money and property	189,653	177,048	228,436
Miscellaneous	458,852	380,740	349,320
	<hr/>		
Total Revenue	19,171,986	17,422,458	17,016,989
	<hr/>		
Expenditures:			
Current operating:			
Public safety and legal services	2,853,341	2,855,860	2,734,558
Physical health and social services	376,388	414,025	328,814
Mental health	1,984,771	1,660,599	1,902,737
County environment and education	927,079	906,846	769,916
Roads and transportation	6,195,661	6,386,246	6,178,260
Government services to residents	656,140	665,248	674,508
Administration	3,956,335	2,270,447	2,142,876
Non-program services	13,975	29,204	84,500
Capital projects	1,560,203	1,021,659	1,083,632
Debt service	1,271,516	1,610,201	1,252,667
	<hr/>		
Total	\$ 19,795,409	\$ 17,820,335	\$ 17,152,468
	<hr/>		

Modified Accrual Basis of Accounting					
2008	2007	2006	2005	2004	2003
\$ 7,029,638	\$ 7,038,897	\$ 6,477,719	\$ 6,066,442	\$ 6,117,788	\$ 5,468,980
66,489	44,774	51,572	41,285	54,117	73,955
7,434,084	7,907,071	6,366,280	5,764,705	6,098,652	5,736,528
18,916	20,915	16,411	19,970	13,720	15,685
943,907	900,890	1,027,574	714,999	645,852	671,938
332,861	427,026	512,097	361,449	325,344	482,243
314,448	288,332	285,461	237,226	298,171	78,838
16,140,343	16,627,905	14,737,114	13,206,076	13,553,644	12,528,167
2,658,332	2,486,684	2,535,343	2,275,934	2,026,630	1,728,393
264,204	255,798	239,609	246,990	314,657	328,268
2,009,963	1,638,704	1,565,248	1,431,115	1,285,294	1,548,898
869,298	778,989	655,145	7,743,681	614,980	539,664
6,461,398	6,699,545	4,793,094	4,890,445	4,877,358	4,312,639
602,053	618,032	787,097	588,414	535,747	494,248
1,974,168	2,138,733	2,167,003	2,418,039	1,855,790	1,240,332
20,000	110,352	327,239	41,639	25,000	-
831,956	1,172,569	1,647,786	2,454,669	2,617,181	6,044,927
941,037	950,554	941,384	665,329	639,790	654,067
\$ 16,632,409	\$ 16,849,960	\$ 15,658,948	\$ 22,756,255	\$ 14,792,427	\$ 16,891,436

**PLYMOUTH COUNTY, IOWA**  
**Schedule of Expenditures of Federal Awards (Cash Basis)**  
**Year Ended June 30, 2011**

	CFDA Number	Agency or Pass-Through Number	Program Disburse- ments
<b>Direct:</b>			
DEPARTMENT OF AGRICULTURE			
Natural Resource Conservation Service:			
Watershed Protection and Flood Prevention	10.904		\$ 43,413
<b>Indirect:</b>			
DEPARTMENT OF AGRICULTURE			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		12,819
DEPARTMENT OF JUSTICE			
Iowa Department of Justice:			
Crime Victim Assistance	16.575		22,475
DEPARTMENT OF TRANSPORTATION			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205		421,481 *
Iowa Governor's Traffic Safety Bureau			
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	010-410, Task 61	6,376
DEPARTMENT OF ENERGY			
Iowa Office of Energy Independence:			
Energy Efficient and Conservation Block Grant - ARRA	81.128		40,718
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Iowa Department of Human Services:			
Public Health Emergency Preparedness	93.069		51,859
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance - State Administered Programs	93.566		8
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		3,122
Foster Care - Title IV-E	93.658		5,090
Adoption Assistance	93.659		1,228
Social Services Block Grant	93.667		4,371
Children's Health Insurance Program	93.767		58
Medical Assistance Program	93.778		12,269
Child Support Enforcement	93.563		572
Social Services Block Grant	93.667		\$ 55,637

(Continued)

**PLYMOUTH COUNTY, IOWA**  
**Schedule of Expenditures of Federal Awards (Cash Basis) - (Continued)**  
**Year Ended June 30, 2011**

	CFDA Number	Agency or Pass-Through Number	Program Disburse- ments
DEPARTMENT OF HOMELAND SECURITY			
Iowa Department of Homeland Security and Emergency Management			
Emergency Management Performance Grants	97.042		\$ 17,165
Total Expenditures of Federal Awards			<u>\$ 698,661</u>

\* Total disbursements from this program exceeded 50% of the total federal awards and is considered a major program.

**Basis of Presentation** - The accompanying schedule of expenditures of federal awards includes the federal grant activity of Plymouth County and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**PLYMOUTH COUNTY**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2011**

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**Part I: Summary of the Independent Auditor's Results**

- (a) Unqualified opinions were issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was as follows:

CFDA Number	Program Name
20.205	Highway Planning and Construction

- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000
- (i) Plymouth County did not qualify as a low-risk auditee.

**Part II: Findings Related to the Financial Statements**

**Instances of Noncompliance**

No matters were reported.

There were no prior year audit findings.

**Material Weaknesses**

**II-A-11: Financial Reporting**

Observation – During the audit, we identified material amounts of receivables, payables, and capital asset additions not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables, payables, and capital asset additions are identified in the County's financial statements.



**PLYMOUTH COUNTY**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2011**

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Response – We will double check these in the future to avoid missing any receivables, payables, or capital asset transactions.

Conclusion – Response accepted

**II-B-11: Financial Accounting**

Observation – During the audit, we identified grant revenues and expenditures which were not originally recorded or identified to be recorded by the County. The County contracts out the grant administration for these grants to the local hospital who deposited the grant proceeds into their bank account to administer the grant. The checks received from the State of Iowa for these grants were improperly endorsed by the contractor instead of the County.

Recommendation – We recommend the County identify all “pass-through” type grants and develop procedures to track the “pass-through” revenue and expenditures for recording purposes and to ensure proper reporting of these types of grants. We also recommend that all grant receipts be deposited by the County before being expended to the contractor for administration.

Response – We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted

**PLYMOUTH COUNTY**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2011**

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**Part III: Findings and Questioned Costs For Federal Awards**

**Instances of Non Compliance**

No matters were reported.

**Material Weaknesses**

**III-A-11: Grant Administration/Schedule of Expenditures of Federal Awards**

Observation – During the audit, we identified adjustments necessary for the Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the County to properly include all amounts and information in the Schedule of Expenditures of Federal Awards.

Recommendation – The County should implement procedures to ensure all federal grants are identified and included in the County's Schedule of Expenditures of Federal Awards at the appropriate amounts.

Response – The County understands the nature of the weaknesses and will double check all grants in the future to ensure all information is properly included in the Schedule of Expenditures of Federal Awards.

Conclusion – Response accepted

**III-B-11: Financial Accounting**

Observation – During the audit, federal grant revenues and expenditures of the County were not recorded or identified to be recorded by the County. The County contracts out the grant administration for these grants to the local hospital who deposited the grant proceeds into their bank account to administer the grant. The checks received from the State of Iowa for these grants were improperly endorsed by the contractor instead of the County.

Recommendation – We recommend the County identify all "pass-through" type grants and develop procedures to track the "pass-through" revenue and expenditures for recording purposes and to ensure proper reporting of these types of grants. We also recommend that all grant receipts be deposited by the County before being expended to the contractor for administration.

Response – We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted

**PLYMOUTH COUNTY**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2011**

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**Part IV: Other Findings Related to Required Statutory Reporting**

**IV-A-11** Certified Budget – No disbursements exceeded the amount budgeted during the year ended June 30, 2011.

**IV-B-11** Questionable Expenses – We noted no expenditures that we believe may constitute unlawful expenditures from public funds as defined in an Attorney General's opinion dated April 25, 1979.

**IV-C-11** Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

**IV-D-11** Business Transactions – There were no business transactions between the County and County officials and/or employees during the year ended June 30, 2011.

**IV-E-11** Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. Township clerks are included in the blanket bond purchased by the County. Chapter 64.12 of the Code of Iowa requires that all bonds required of the township clerk be furnished and paid for by the township.

Recommendation – The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations. The County should seek reimbursement for the amount paid for the bond premiums for township clerks.

Response – We feel the amount each township owes is minimal and therefore, not worth the time it would take to figure and bill each township.

Conclusion – Response accepted.

**IV-F-11** County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from the County operations and, consequently, is not included in these financial statements. Disbursements during the year ended June 30, 2011 for the County Extension Office did not exceed the amount budgeted.

**IV-G-11** Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

**IV-H-11** Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12b and 12c of the Code of Iowa and the County's investment policy were noted.

**PLYMOUTH COUNTY**  
**Schedule of Prior Year Findings and Questioned Costs**  
**Year Ended June 30, 2011**

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**III-A-10: Grant Administration/Schedule of Expenditures of Federal Awards**

Observation – During the audit, we identified adjustments necessary for the Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the County to properly include all amounts and information in the Schedule of Expenditures of Federal Awards.

Recommendation – The County should implement procedures to ensure all federal grants are identified and included in the County's Schedule of Expenditures of Federal Awards at the appropriate amounts.

Response – The County understands the nature of the weaknesses and will double check all grants in the future to ensure all information is properly included in the Schedule of Expenditures of Federal Awards.

Conclusion – This finding still exists at June 30, 2011. See III-A-11.

**III-B-10: Financial Accounting**

Observation – During the audit, we identified grant revenues and expenditures which were not originally recorded or identified to be recorded by the County. The County contracts out the grant administration for these grants to the local hospital who deposited the grant proceeds into their bank account to administer the grant. The checks received from the State of Iowa for these grants were improperly endorsed by the contractor instead of the County.

Recommendation – We recommend the County identify all “pass-through” type grants and develop procedures to track the “pass-through” revenue and expenditures for recording purposes and to ensure proper reporting of these types of grants. We also recommend that all grant receipts be deposited by the County before being expended to the contractor for administration.

Response – We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – This finding still exists at June 30, 2011. See III-B-11.



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Supervisors  
Plymouth County, Iowa:

*Compliance:*

We have audited Plymouth County, Iowa's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Plymouth County, Iowa's major federal programs for the year ended June 30, 2011. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United State of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

*Internal Control Over Compliance:*

Management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

Accordingly, we do not express an opinion on effectiveness of the County's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as III-A-11 and III-B-11 to be material weaknesses.

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the board of supervisors, employees and citizens of Plymouth County and other parties to whom Plymouth County may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than those specified parties.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
January 31, 2012



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors  
Plymouth County, Iowa

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of PLYMOUTH COUNTY, IOWA as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting:***

In planning and performing our audit, we considered Plymouth County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Plymouth County, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Plymouth County, Iowa's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

*A deficiency in internal control* exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items II-A-11 and II-B-11 to be material weaknesses.

***Compliance and Other Matters:***

As part of obtaining reasonable assurance about whether Plymouth County, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances

of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Plymouth County, Iowa's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Plymouth County Iowa's responses and, accordingly, we express no opinion on them.

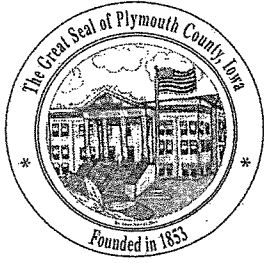
This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Plymouth County and other parties to whom Plymouth County may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Plymouth County during the course of our audit. Should you have any questions concerning any of the above matters we would be pleased to discuss them with you at your convenience.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
January 31, 2012





## Plymouth County Auditor

Stacey Feldman

Plymouth County Courthouse

215 4<sup>th</sup> Ave. SE

Le Mars, IA 51031

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### Schedule of Findings and Questioned Costs Corrective Action Plan June 30, 2011

#### Department of Transportation

Plymouth County, respectfully submits the following corrective action plan for the year ended June 30, 2011.

The audit was performed by Williams & Company, P.C., P.O. Box 1010, Le Mars, Iowa, for the fiscal year ended June 30, 2011.

The findings from the June 30, 2011 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

#### Material Weakness:

##### III-A-11 - Grant Administration/Schedule of Expenditures of Federal Awards

Observation – During the audit, we identified adjustments necessary for the Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the County to properly include all amounts and information in the Schedule Expenditures of Federal Awards.

Recommendation – The County should implement procedures to ensure all federal grants are identified and included in the County's Schedule of Expenditures of Federal Awards at the appropriate amounts.

Response – The County understands the nature of the weakness and will double check all grants in the future to ensure all information is properly included in the Schedule of Expenditures of Federal Awards.

##### III-B-11 - Financial Accounting

Observation – During the audit, we identified grant revenues and expenditures which were not originally recorded or identified to be recorded by the County. The County contracts out the grant administration for these grants to the local hospital who deposited the grant proceeds into their bank account to administer the grant. The checks received from the State of Iowa for these grants were improperly endorsed by the contractor instead of the County.

Recommendation – We recommend the County identify all “pass-through” type grants and develop procedures to track the “pass-through” revenue and expenditures for recording purposes and to ensure proper reporting of these types of grants. We also recommend that all grant receipts be deposited by the County before being expended to the contractor for administration.

Response – We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

If the Department of Transportation has questions regarding this plan, please call Stacey Feldman at 712-546-6100.

Sincerely yours,

PLYMOUTH COUNTY

A handwritten signature in cursive script that reads "Stacey Feldman". The signature is written in dark ink and is positioned below the printed name "Stacey Feldman, Auditor".

Stacey Feldman, Auditor